

# 7

## Strategic Goal 7:

### Keep USAID A Premier Development Agency

## I. Overview

During fiscal year 1999, USAID strengthened its leadership, enhanced its learning capacity, deepened its partnerships, and made progress in increasing the efficiency and effectiveness of its management systems. The Agency revised and streamlined results reporting to make performance information more relevant and useful to decision-making. USAID refocused annual goal reviews to ensure that performance information was fully reflected in the top-level program and budget deliberations. The Agency enhanced the validity and verifiability of performance data by developing explicit data quality standards and incorporating them in expanded training and technical assistance. The Agency assertively partnered with other donors to ensure harmony and coherence in policies and programs, with particular emphases on issues involving trade, poverty, conflict prevention, emergency assistance, and the environment.

USAID also substantially improved processes for the modernization of management and information systems for the 21st century, by instituting more rigorous and systematic planning and implementation of information technology investments. The Agency eliminated material weaknesses in its performance reporting and loan accounting and portfolio management systems. Resources dedicated to acquiring a new accounting system, remedying Y2K, and improving information systems and security achieved significant results.

USAID's fiscal year 1999 Annual Performance Plan not only identified performance goals for the Agency's development programs, but it also

articulated the Agency's management goal of "remaining a premier bilateral development agency." This management goal expressed USAID's commitment to being a leader in development assistance, to pioneering effective solutions to pressing development problems, and to delivering development assistance as efficiently and effectively as possible. In essence, the management goal affirms the Agency's commitment to getting the most value from taxpayer dollars while making the greatest possible difference for development.

The Agency's fiscal year 1999 Annual Performance Plan outlined an initial set of performance goals and indicators for this management objective, shown in box 7.1. But the significance and feasibility of achieving FY99 performance measures proved uneven and, for the most part, did not provide a useful framework for making or measuring progress.

In the Annual Performance Plan for fiscal year 2000, the FY99 performance goals were reorganized and recast. Activities and initiatives previously framed under five performance goals were subsumed under two new performance goals: 1) leadership and learning capacity to achieve results enhanced and 2) management and delivery of development assistance improved. But only one of the FY99 APP performance indicators, percentage of USAID-managed development assistance channeled through strengthened U.S.-based and local nongovernmental organizations, was retained in its original form. The Agency's fiscal year 2001 Annual Performance Plan has built on this

foundation to articulate a larger set of management targets that are clearly and consistently linked to a revised Agency goal of ensuring that “USAID evolves into a model 21st-century international development agency.” The FY01 plan discusses USAID’s Reform Road Map, which was developed and disseminated in fiscal year 1999. It includes the kind of specific management activities and

targets that the Office of Management and Budget, the General Accounting Office, and congressional stakeholders have requested. There are three performance goals: 1) leadership and learning, 2) strong partnerships, and 3) improved management systems. The FY01 plan also identifies three higher level “outcome” indicators, adding two new measures of management improvement to the existing indicator on private voluntary organization (PVO) and nongovernmental organization (NGO) assistance. The two new indicators are *number of weaknesses outstanding at the end of the fiscal year* and *percent of audit recommendations closed within one year*. These changes reflect Agency efforts over the past 12 months to more fully implement and incorporate management reforms in the fiscal year 2001 Annual Performance Plan.

The substantial revisions that were made between fiscal year 1999 and today presented the Agency with a dilemma in reporting management progress from the past year. By relying solely on the performance goals and targets from the FY99 plan, we would ignore much we had decided was important. Thus, we organized this chapter into parts. In section II, accomplishments during FY98 and FY99 are described in terms of the new framework of the objectives and activities presented in USAID’s fiscal year 2001 APP. Section IV presents and discusses data on the fiscal year 1999 performance goals and indicators, even though these have now been largely replaced.

### Box 7.1. Fiscal Year 1999 Annual Performance Plan Management Performance Goals and Indicators

**Performance goal 1: Time to deploy effective development and disaster relief resources overseas reduced**

*Indicator a:* Percent of critical positions vacant reduced.

*Indicator b:* Time to procure development services reduced.

**Performance goal 2: Level of USAID-managed development assistance channeled through strengthened nongovernmental and private voluntary organizations increased**

*Indicator:* Percentage of USAID-managed development assistance channeled through strengthened U.S.-based and local nongovernmental organizations.

**Performance goal 3: Coordination among U.S. government agencies contributing to sustainable development increased**

*Indicator a:* Statements at the objective level across strategic plans of U.S. government agencies concerned with sustainable development consistent.

*Indicator b:* Coordination of activities at the USAID program approach level across U.S. government agencies concerned with sustainable development enhanced.

**Performance goal 4: Organization for European Cooperation and Development agenda of agreed development priorities expanded**

*Indicator a:* Resource flows by major development goals.

*Indicator b:* OECD/Development Assistance agreement on strategies to reduce poverty.

**Performance goal 5: Capacity to report results and allocate resources on the basis of performance improved**

*Indicator a:* Access to financial information.

*Indicator b:* Access to program results information.

## II. Management Initiatives

### ***Performance Goal 7.1: Leadership And Learning Capacity To Achieve Results Strengthened***

The developing world presents a complicated and ever-changing array of problems and opportunities. To remain a premier development agency, USAID must comprehend the shifting currents of development to apply innovative and effective approaches to achieve the best results possible. To manage for results successfully, the Agency must also effectively monitor and evaluate the performance of its programs and learn from experience. And USAID must communicate, share, and apply the knowledge gained to influence the entire development community.

### **Reform Road Map Developed and Implemented**

USAID surveyed staff and partners extensively in fiscal year 1998 to identify factors hindering full implementation of management reforms approved in 1995. After top managers decided it was essential to aggressively address obstacles to improving management, the Agency in FY99 developed a Reform Road Map that identified the actions that needed to be taken, by whom, and by when to create an agency that managed effectively for results.

To oversee implementation of the Reform Road Map, the USAID Administrator formed a change management group, co-chaired by the assistant

administrator for policy and the assistant administrator for management. This group, in turn, created an operations governance team charged with identifying Agency policies and procedures that needed fixing and the USAID staff capable of fixing them. The Reform Road Map (summarized in annex A) articulates important activities, indicators, and targets for the management improvement activities reported in this chapter.

### **Annual Goal Area Performance Reviews Strengthened**

During fiscal year 1999, USAID significantly expanded the scale and scope of its annual goal area reviews and more fully integrated the reviews into its program and policy decision-making. The previous year, goal reviews had been prepared primarily by and for the Bureau for Policy and Program Coordination, which shared a memo summarizing findings with the other bureaus. In FY99, however, the goal reviews mobilized Agencywide teams (led by the PPC Bureau). Results for each goal area were formally presented to and discussed by Agency managers. The PPC Bureau briefed USAID senior staff on the most meaningful findings from the goal reviews. Those findings were reflected in top-level policy and budget deliberations and in plans for future evaluations and analyses. In sum, in fiscal year 1999, Agency participation in and exposure to the reviews expanded vastly, and the reviews had much greater influence on Agency decision-making.

The fiscal year 1999 goal reviews also paid special attention to crosscutting

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issues and identified synergies across goal areas that bore heavily on results. Two of the most significant such issues were the role of women in development and the importance of collaborating and participating with customers and partners.

Since the mid-1970s, USAID has been a leader among development agencies in promoting women's issues in social and economic programs. In 1996, the Agency reaffirmed this commitment through the Gender Plan of Action, which laid out a series of concrete steps to institutionalize mechanisms for treating gender issues. By the end of fiscal year 1999, USAID had completed nearly all actions required by the plan, including implementing a Women in Development fellows program and incorporating a requirement that all grants stipulate how gender issues will be addressed. In addition to its efforts to incorporate gender considerations in all mission activities, USAID has taken a leadership role in this area at the national level through the President's Interagency Council on Women and internationally through the Development Assistance Committee Working Party on Gender Equality.

In general, this year's goal area reviews placed considerably more emphasis on factors affecting performance, concentrating on information that was most important and useful to managing for results. Some findings from the FY99 reviews had substantial implications for program management. One of the most striking common themes was the importance of recipient-country policies and institutions on program performance. This was manifest in two respects. First, aid programs tended to achieve greater results in countries making serious self-help efforts in policy

reform and institution building, pointing to the importance of greater *selectivity* in the allocation of aid across countries. Second, USAID programs that emphasized supporting policy reform, institutional strengthening, and other broad systemic changes achieved better results than programs concerned with delivering services or transferring resources to specific groups. Both findings fit well with the emerging literature on aid effectiveness.

The goal reviews also revealed the continuing tension between centralization and decentralization within the Agency itself. While regional and cross-border programs are growing, and while USAID addresses global issues and strives to achieve global progress, most development problems still pertain to individual countries. They are, after all, where programs are implemented, where progress occurs, and where policies and institutions are manifest. The tension between global goals and country programming also was reflected in concerns about the extent to which Agency performance goals and country strategic objectives are within our realistic manageable interests and whether, with declining resources, USAID's programs are being spread too thin.

## **Performance Data Quality And Availability Enhanced**

During fiscal year 1999, USAID continued working energetically to improve the quality and availability of performance data within and beyond the Agency. Some important accomplishments were

- Agencywide training on "managing for results"

- Implementation of performance-measurement workshops for field staff and partners
- Expansion of technical assistance on performance measurement for missions and offices
- Technical analysis of performance-data quality and coverage
- Selective review of operating-unit performance reports and monitoring plans
- Creation of a Web-accessible database of performance information for every USAID operating unit
- Development and dissemination of standards on performance data and indicator quality (*Performance Monitoring & Evaluation Tips No. 12*)

To manage for results rather than simply for reporting results, and in response to staff and partner feedback about Agency reforms, USAID in fiscal year 1999 streamlined mission and office reporting requirements. This better served management's information needs. More specifically, USAID/Washington encouraged operating units to eliminate irrelevant indicators, to focus reporting on the indicators most pertinent to decision-making (regardless of the level of results involved), and to identify the indicators expected to be most relevant next year. Reflecting this guidance, the average number of indicators reported for each operating unit strategic objective dropped from 9.0 in fiscal year 1997 to 4.4 in FY98. The percentage of missions and bureaus reporting data at the level of strategic objectives (end outcomes, in Government Performance and Results Act

terms) also dropped in FY98 (from 64 percent to 49 percent). This reflected that more missions were reporting data on intermediate results that were more directly related to their programs. These data generally proved more relevant for assessing performance and more useful to Agency decision-makers.

Other important results of USAID's efforts to improve the quality (validity and verifiability) and availability of USAID's performance data are discussed later in the chapter.

## Capacity to Measure Performance Strengthened

The percentage of operating-unit strategic objectives for which performance data were reported rose substantially from 64 percent in fiscal year 1997 to 87 percent in FY98. It remained at about the same high level (84 percent) in FY99. Missions and offices have now developed the capacity to measure performance. In general, they have at least one indicator for each strategic objective with a baseline, a target, and actual data. Having actual performance data for 84 percent of strategic objectives is above the target of 80 percent set last year.

A review of the data by Agency goal indicates that performance data were most difficult to obtain in the areas of democracy and governance (reflecting the complexity of concepts and measures) and humanitarian assistance (reflecting the emphasis on delivering emergency assistance, rather than on measuring impact). We will place more attention on developing better indicators and data in both of these areas over the coming year.<sup>1</sup>



## **Data Quality: Comparability Over Time**

Seventy-nine percent of the strategic objectives for which operating units reported data in fiscal year 1998 had comparable data reported the previous year. This level of consistency in reporting provided a meaningful basis for year-to-year comparisons of strategic-objective progress and for trend analyses.<sup>2</sup>

## **Data Quality: Improved Reliability and Validity**

During fiscal years 1998 and 1999, the Office of the Inspector General (OIG) audited the quality of the results data reported by 18 USAID operating units and found room for improvement.<sup>3</sup> While the Agency believes that some of the criteria applied in this audit were overly rigid and that many of the quality problems identified were relatively minor, USAID strongly agreed with the OIG about the importance of having valid and reliable performance data. USAID management and the OIG are now working more closely to develop a shared understanding of the level of data “accuracy,” “completeness,” “validity,” and “support” that is acceptable and feasible. The Agency also moved quickly to develop and disseminate an initial set of USAID standards on indicator and data quality early in fiscal year 1999.<sup>4</sup>

## **Data Quality: Gender Differences**

For USAID to carry out its commitment to address gender issues in development programs and to improve the status of

women, Agency policy requires that certain performance indicators be disaggregated to reflect differences in results for men and women whenever feasible and relevant. Though many of the current Agencywide development context indicators are not amenable to such sex-disaggregation, we will consider the need to document results for women compared with men as we reconfigure indicators in the future. At the mission level, the extent to which performance data are gender disaggregated varies considerably across missions, depending on both the amount of attention given to gender in programming and the content of the program. In fiscal year 1999, when R4<sup>5</sup> guidance did not specifically reiterate the desirability of reporting gender-disaggregated results, the number of missions including such data dropped. Therefore, the R4 guidance for 2000 specifically requests reporting on gender.

## **Performance Data More Widely Available and Used**

During fiscal year 1998, USAID established an initial database of operating-unit performance information that Agency management used to assess information quality and to prepare the Annual Performance Report. In FY99, USAID not only established a similar database of operating-unit performance indicators, strategies, and R4 narratives, but we also made that data and other performance information accessible on the Internet for both Agency staff and external audiences.

The information has proven high in demand. In July 1999 (the first month these data were available), there were nearly 100,000 “hits” accessing this

performance information from the USAID Web site. External users downloaded more than a thousand copies of the Agency's fiscal year 1999 Annual Performance Plan and nearly a thousand copies of chapters from USAID's FY98 Annual Performance Report during August 1999, the first full month these documents were available electronically.

## **Capacity to Learn From Experience Strengthened**

While well-chosen performance indicators can signal whether programs are doing well or poorly, they rarely provide a sufficient basis for definitive performance judgments. Even more rarely do they indicate clearly what should be done. Managing for results requires not just performance measurement; it also requires learning from experience through research and evaluation. That includes research and evaluation conducted by USAID *and* by outside organizations such as the Office of the Inspector General, the General Accounting Office, and other donors and partners. Although recent staff reductions have reduced the number of studies the Agency conducts, USAID has more effectively targeted its evaluations and research at the most important and actionable development issues, as described in the next two sections.

## **USAID's Operational-Level Evaluations**

Each year, USAID's missions and offices (the Agency's operating units) conduct hundreds of formal and informal evaluations. Most are intended to inform the design, implementation,

planning, or decision-making about particular activities. Findings from the evaluations are reported in each operating unit's R4 and in specific evaluation documents. The findings are a major input into the Agency's goal reviews.

Copies of operating-unit evaluations are added to USAID's institutional memory, the development information system. During fiscal year 1999, about 325 evaluations completed in FY98 (200) and FY99 (125) were added. Once evaluations are abstracted and scanned into USAID's institutional memory, they can be easily located, accessed, and searched electronically to inform planning and decision-making throughout the Agency and beyond. Indeed, in fiscal year 1998, USAID responded to more than 150,000 requests for information and documents from its institutional memory. More than 40,000 of these requests come from USAID staff and contractors applying the lessons learned from evaluations to plan and design new programs. Operational-level evaluations are also analyzed as part of larger, Agencywide policy and evaluation studies, as cited throughout this Agency performance report.

## **USAID's Central Evaluations**

The Agency's central evaluations examine the effectiveness of activities in achieving results across country settings and goal areas. They explore alternative approaches to achieving results in new or controversial program areas. Lessons learned are disseminated to senior managers, technical staff, partners, and the wider public. Such evaluations often have a substantial effect on Agency policies, strategies, programs, and budgets.

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Each year, USAID develops an agenda of evaluation topics that reflects the most significant issues emerging from the Agency's annual goal reviews and from broader consultations with USAID managers, technical staff, and external audiences. Evaluations fully or substantially completed in fiscal year 1999 include

- Effectiveness of USAID's efforts to strengthen capital markets
- Effectiveness of enterprise funds
- Effectiveness of girls' education activities
- Effectiveness of activities combining democracy objectives with other goals
- Effectiveness of programs for women in postconflict societies
- Effectiveness of programs supporting democratic decentralization
- Impact of donor assistance in complex emergencies
- Review of the use of evaluation by operating units since reengineering
- Effectiveness of programs promoting postconflict reconciliation
- Impact of food aid on development
- Study of USAID's experience with countries graduating from assistance
- Review of donor experience with joint and collaborative evaluation

- Analysis of "gaining ground," assessing health, economic, and social trends in developing countries between 1950 and 1995
- Analysis of assistance allocations against country policy environments
- Analysis of the factors affecting country aid allocation
- Analysis of program performance in preparing the Agency Performance Report

Agency program evaluations contribute to development knowledge and address specific questions or issues about programs across countries. Individual country studies generally culminate in a final synthesis. Findings are further disseminated through presentations at appropriate forums within the development community. For example, the June 1999 paper *More, But Not Yet Better: USAID's Programs and Policies to Improve Girls' Education* (USAID Evaluation Highlights No. 64) culminated a series of studies on girls' education, including five country studies conducted in 1998 and 1999. It was presented in Washington to an audience of technical professionals representing the donor and private voluntary organization communities. *Promoting Democracy in Postconflict Societies: An International Dialog* (Conference Report No. 1, March 1999) was presented at an international conference of development donors and partners. That volume synthesizes findings from several country-program evaluations completed in fiscal years 1998 and 1999 on "Rebuilding Societies Emerging from Conflict" and on "Electoral Assistance to Postconflict Societies."



The specific implications of these and other studies for policy, program, and budget decision-making have been cited, where appropriate, throughout this report. Summaries of the findings from evaluations completed in fiscal year 1999 are provided in annex C.

## **Office of the Inspector General Evaluations And Reports**

The Office of the Inspector General summarizes its most significant audit findings in periodic letters to Congress that detail “the most serious management problems facing USAID.” For example, in a letter of 22 February 1999, the USAID inspector general identified five major management challenges facing the Agency: results reporting, financial management, information resources management, human resources capabilities, and the breadth of USAID’s program management mandate. The Agency agrees that these are major challenges. We are actively addressing them, as discussed in appropriate sections of this chapter.

USAID uses the audit process to help identify problems and assess progress toward results-based management. The Agency and the inspector general’s office jointly manage an audit follow-up system used to monitor corrective action when problems are identified.

One measure of the timeliness of the Agency’s response to the inspector general’s recommendations is the portion of them to which management responds with a decision within six months after the OIG report is issued. Another useful measure is the number

of recommendations that remain “open” (not finally resolved) for more than a year after the management decision is made. At the end of fiscal year 1999, for example, 12 percent of the outstanding recommendations were more than six months old without management having made a decision on them; also, more than a year had passed on 14 percent of the recommendations without final action having been taken. USAID has used these indicators to define formal performance goals and targets in the fiscal year 2001 Performance Plan.

The goals for improving USAID effectiveness and efficiency identified in the Office of the Inspector General’s five-year plan for fiscal years 1998–2002 match many of the Agency’s own management objectives. For instance, USAID is working with the inspector general’s office to develop mutually agreed-upon indicators that would enhance the utility of performance data for both organizations.

## **General Accounting Office Evaluations and Reports**

The General Accounting Office recently identified three management challenges for USAID that correspond with three of the problem areas the inspector general’s office identified: 1) information management, 2) the Y2K problem, and 3) financial management.<sup>6</sup> As described elsewhere in this chapter, USAID is moving assertively toward better financial and performance-based accountability. The General Accounting Office will continue to help monitor our progress toward those objectives.

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## ***Performance Goal 7.2: Partnering Strengthened***

USAID's long history of founding and nurturing partnerships serves the Agency well as it develops the ever more complex, innovative, and forward-looking relationships on which success in the 21st century will rest. Indeed, each of the previous chapters of this report identifies (in a chart or narrative) other donors in each goal area with whom we coordinate and collaborate at the country and regional levels. This section assesses how we have strengthened such relationships for the Agency as a whole. Having established healthy partnerships with a vast array of institutions, donors, developing countries, businesses, and civil society organizations, USAID is poised to meet future challenges.

### **Greater Donor Consensus**

USAID has sought consensus on mutual approaches that reinforce and strengthen the common donor effort and direct assistance toward the biggest development problems.

The Agency has continued working energetically to achieve greater donor consensus through the TransAtlantic Dialog, the Organization for Economic Cooperation and Development's (OECD's) Development Assistance Committee, and other bilateral and multilateral forums. During fiscal year 1999, USAID emphasized the development of shared approaches to globalization (the diminishing significance of national boundaries because of increased cross-border trade, improved communications, more numerous joint ventures, increased travel, and freer movement of capital). Clearly, increasing globalization has rendered several

factors particularly relevant of late. For example, development assistance now represents only a small proportion of overall financial flows to the developing world. This means that forces and institutions beyond the foreign assistance realm must contribute to achieving development goals, if those goals are to be realized.

Efforts to deal with globalization also have underscored mechanical impediments to partnership at the field level. Although donors and their host-country partners need more than ever before to work closely together, a morass of bureaucratic and legal inconsistencies emerge each time they try. Two aspects of this that require urgent attention are the harmony of donor program practices and procedures and the standardization of packaging and other commercial requirements apply specifically to nutrition and health.

The Common Agenda with Japan continues to be one of USAID's most effective bilateral partnerships. Begun in 1993, the agenda seeks to increase the effectiveness of U.S. and Japanese assistance in population and health by increasing consultation and cooperation in planning, implementing, and evaluating programs and projects at the global and mission levels. Areas of emphasis include

- Population and HIV/AIDS
- Women in Development (education and microenterprise)
- Children's Health (centering on childhood immunization programs)
- Emerging and Reemerging Infectious Diseases

Partnerships with U.S. foundations are also playing an increasingly prominent role in USAID's work. Key partners for USAID include the Packard Foundation (which works primarily on reproductive health and family planning), the Gates Foundation (whose ever-expanding portfolio includes reproductive health and child survival), the UN Foundation (which supports United Nations agencies such as the World Health Organization), and the Soros Foundation (which has been particularly active in the newly independent states of central Europe and Eurasia). Although foundations traditionally operate independently, USAID during fiscal year 1999 continued interacting with these and other foundations at both the policy and program level, providing technical assistance and leveraging resources for its many nongovernmental organization partners.

In the population, health, and nutrition (PHN) goal area, USAID also has actively collaborated with development agencies such as the United Kingdom's Department for International Development on reproductive health and malaria prevention and the Swedish International Development Cooperation Agency on strengthening research capacity. Bilateral coordination of PHN programs in the field continued to increase during the past fiscal year, with most missions working to implement mechanisms that facilitate parallel funding and joint programming.

USAID has also collaborated closely on PHN programs with multilateral donors such as the World Health Organization, UNICEF, UNAIDS, the European Community, and the World Bank. As a result, USAID has influenced those donors' programming and, through

coordinating mechanisms at the country level, fostered policy and program donor coherence. In particular, USAID and the European Community have agreed to collaborate in seven areas within reproductive health and in child survival and infectious diseases. The Agency and the EC are jointly developing some activities to be carried out at the country level and others at the global level.

Another area of coordination where USAID has been both an intellectual leader and the preeminent donor is conflict resolution and prevention. While other donors have often resisted acknowledging the links between issues of peace and conflict and development, USAID worked closely with them during fiscal year 1999 to further their understanding of this essential connection.

The Agency also made a major contribution to the donor community this past year by developing indicators for democracy, good governance, civil society, political process, and rule of law. These indicators are designed to measure what USAID missions are accomplishing and then to aggregate results to assess what the Agency as a whole is accomplishing. During fiscal year 1999, USAID presented this approach—a breakthrough in donor practices—to members of the Development Assistance Committee's Informal Network on Participatory Democracy and Good Governance. The reaction was enthusiastic. Currently, USAID and the German development agency (Gesellschaft für Technische Zusammenarbeit, or GTZ) are cosponsoring a democracy workshop that will include donors and participants from other developing countries. We foresee other such partnerships in the future.

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During FY99, USAID also served as a prominent member of the OECD/Development Assistance Committee's Informal Network on Poverty Reduction. Specifically, the Agency funded U.S. analysts who worked with British and German colleagues in drafting the scope of work for the network's activities for the next two years. In so doing, USAID ensured that poverty and food insecurity issues remained linked. This in turn enhanced coherence among donor policies developed in response to the World Food Summit and the Development Assistance Committee's 21st-century targets. In collaboration with the United Kingdom and with support from France, USAID's leadership and technical expertise also ensured successful integration of gender issues into the Development Assistance Committee's poverty work. The Agency continues to lead the DAC Informal Network on Poverty Reduction's gender-mainstreaming effort. These contributions are critical, because the DAC is viewed in the development community both as the leader in current thought on poverty reduction and as the forum in which consensus views on poverty reduction issues are most highly regarded.

### Host-Country Ownership

USAID has actively promoted host-country ownership of development strategies.

The Agency has long been a leader in developing and using many different approaches to fostering local participation. One area in which USAID has particularly excelled: promoting host-country ownership outside the bilateral context. The Agency pioneered the New Partnerships Initiative, which works on policy at the national level and connec-

tions among government, business, and civil society at the local level. The initiative was one of the primary inspirations for the World Bank's Comprehensive Development Framework, issued in 1999. It also resonates with the Development Assistance Committee's strategy for *Shaping the 21st Century* and with the United Nations' new interagency framework.

In 1999, USAID also published *Partnering for Results: A User's Guide to Intersectoral Partnering*. This handy compendium helps development professionals, government officials, and host-country citizens employ new mechanisms to expand local ownership, increase the import of development assistance, and energize new partnerships across diverse sectors. Such partnerships have good prospects for success because they mobilize a wider base of resources and support. They generate greater commitment by increasing participation in defining solutions to development problems. The document was distributed to all mission directors, bureau managers, and other staff. The corresponding Web site is used heavily within and without the Agency.

USAID has a particularly successful history of partnering with NGOs in carrying out population, health, and nutrition activities at the community level—an approach that has promoted local ownership and has been critical for ensuring long-term sustainability for child-survival and family-planning programs. USAID's Population, Health, and Nutrition Center has partnered effectively with developing country institutions for applied and operations research. A few of these partners: the International Center for Diarrheal Disease Research in **Bangladesh**, the

Nogouchi Research Institute in **Ghana**, and the National Institute for Public Health in **Mexico**.

## 21st-Century Strategy

The Agency has continued working with donors and host countries to implement the Development Assistance Committee's Shaping the 21st Century strategy.

The Development Assistance Committee's 21st-century strategy provides an important source of support for USAID's view—now widely adopted by the donor community—that successful development entails the integral involvement of host countries and their peoples in planning, implementing, and evaluating donor programs. The DAC strategy rests on the notion that donors share a common vision and can work together to realize that vision in the field. During fiscal year 1999, for example, USAID, GTZ, the World Bank, the UN Development Program, and other bilateral development agencies worked collaboratively with the government of **Bolivia** to strengthen programs in the justice sector. The lessons learned from this innovative partnership will be discussed at an Organization for Economic Cooperation and Development session during FY00. The Agency is also striving to integrate 21st-century strategy concepts into its work with the European Commission, the G-8 process, the World Bank Development Committee, and in the Administrator's bilateral meetings.

USAID's fiscal year 1999 Annual Performance Plan specifically targeted raising the OECD/DAC's agenda from a medium- to a medium-high-level priority. Though the U.S. remains a stalwart supporter of the DAC strategy, this target would have been formidable

in even the most favorable circumstances. After the United States lost the chair of the Development Assistance Committee to France (officially in February 1999, but in effect some months earlier), USAID's prospects for moving the agenda rapidly forward declined precipitously. As a result, this FY99 performance goal was never fully put into effect and was dropped from the Agency's fiscal year 2001 Performance Plan.

### ***Performance Goal 7.3: Management Support Systems Strengthened***

USAID has made substantial progress in building management systems and procedures needed for the Agency to deliver the best possible development results. Improvements in financial management, information management, human resources management, administrative services, and grant and contract services have enhanced accountability and moved USAID closer to full compliance with statutory requirements aimed at more efficient and effective performance.

### **Strengthened Information Management**

The Agency has followed through on an information strategy to better support its business and comply with the Clinger-Cohen Act and the Government Performance and Results Act. We have developed a draft Information Management Strategic Plan for fiscal years 2001 through 2005. The plan defines USAID's approach for implementing an integrated information technology architecture that will guide preparation, evaluation, and selection of information-technology investments.

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**The Information Management Strategic Plan for fiscal years 2001 through 2005 will define the approach to implementing an integrated framework for acquiring and maintaining information technology that achieves USAID's goals.**

## **Year 2000 Compliance**

The highest priority information management activity during 1999 has been completing Year 2000 compliance work for USAID mission-critical systems. By September 1999, six of the seven critical systems were compliant. The last mission critical application, the New Management System, was renovated in May 1999, and validation and implementation were completed by November 1999. Agencywide Y2K workstation upgrades were completed under budget.

The Agency conducted 49 host-country assessments of Y2K readiness this past fiscal year. The assessments examined program-related information systems and levels of Y2K preparedness in critical sectors such as power, telecommunications, and transportation. We shared information from the studies with the foreign affairs community through an interagency group led by the State Department. USAID has an initiative in progress to share, through its missions and programs, standard tools that combine the common elements of Y2K contingency planning and repair strategies.

A Y2K business continuity and contingency plan was developed to cover the Agency's core business processes. It concentrates on the financial processes that support Washington and overseas field offices. At our field sites, USAID worked closely with the State Department, which has the lead in preparing local contingency plans for U.S. government agencies at each post.

## **Information Resources Management Processes**

The chief information officer and the Capital Investment Review Board reviewed, selected, and evaluated information-technology investments (including Y2K investments) during the past fiscal year. In FY99, the Agency completed the definition of IT systems and infrastructure required to support USAID strategic objectives.

The Information Management Strategic Plan for fiscal years 2001 through 2005 (expected for approval early in 2000) will define the approach to implementing an integrated framework for acquiring and maintaining information technology that achieves USAID's goals. This framework will guide preparation, evaluation, and selection of information technology investments. USAID completed a review of the current situation during FY99 and will establish targets early in FY00. Developing the architecture, however, is an iterative and dynamic process that will continue evolving as the Agency's business processes evolve.

## **New Management System**

The Agency's New Management System was designed to integrate information resources for budgeting, procurement, financial management, and program operations. Since its deployment in 1996, significant system performance problems have impaired the Agency's program and resource management capability. In fiscal year 1999, USAID continued its efforts to overcome system weaknesses and improve system functionality while simultaneously developing more effective replacements that rely primarily on



commercial off-the-shelf software and cross-servicing agreements.

All investments in the New Management System were overseen by the Agency's Capital Investment Review Board and by the board's subcommittee, the NMS executive team. Since Y2K received top priority in all investment decisions, most NMS functional upgrades were tabled in deference to Y2K compliance upgrades.

The Agency instituted rigorous configuration management processes on the New Management System software. The error rate of software releases has dropped dramatically, and fiscal year 1999 year-end closing within NMS was performed with minimal unnecessary downtime—a significant improvement from previous closings. These practices are currently being applied to the Y2K compliance effort and will enable the Agency to achieve full compliance with a tested and verifiable level of confidence.

## **Overseas Mission Connectivity**

The Agency is examining different satellite network schemes to support smaller missions and regionalize services. As a first step, USAID offices in Europe, Japan, and Namibia were linked to USAID's intranet via local commercial Internet services. We installed Very Small Aperture Terminals at five of our smaller missions and examined new firewall technologies for missions relying on the Internet for connectivity.

## **Information Security**

USAID developed an information-system-security program plan that

outlines plans for bringing the Agency into full compliance with the Computer Security Act and Office of Management and Budget guidance by fiscal year 2003. The plan directly addresses information security concerns, drawing on knowledge and resources from other federal agencies and private information security initiatives. A program to implement best practices has been recognized by the chief information officer community and the Office of the Inspector General for its quality and effectiveness.

## **Improved Procurement Assistance and Acquisition**

Greater teamwork between contracting personnel and technical staff led to better and earlier procurement planning. Joint efforts helped eliminate many routine obligation obstacles. The availability of expanded training courses, for both procurement and nonprocurement professionals, helped improve staff knowledge of acquisitions and assistance requirements.

Forty-two competitive procurements were completed for Washington offices during the fiscal year 1998 procurement cycle. The average time frame of these procurements was 192 days. The actual time line ranged from 69 to 510 days, with only 3 of the 42 exceeding one year.

More than 360 procurement personnel attended 24 acquisition and assistance certification courses during fiscal year 1999. These courses were held at seven overseas missions and in Washington. Attendees included contracting officers, executive officers, and foreign service national staff of both professions. The

**During fiscal year 1999 the Agency completed detailed requirements analysis and acquired a commercial off-the-shelf core accounting system that will serve as the cornerstone of our business systems and modernization program.**

Agency was expecting to certify all of its contracting officers by the end of December 1999.

A significant portion of the training for nonprocurement personnel was provided as part of the in-house Reaching for Results course. About 14 courses were held, and 500 professionals (including activity managers and cognizant technical officers) received training. Additionally, about 185 activity managers and cognizant technical officers underwent training related to grants management and performance-based contracting through commercial vendors.

### **Improved Financial Management**

USAID continued to execute its strategy for an integrated financial management program that will support operational efficiency and data integrity. A chief financial officer was appointed in February 1999, and a central program management office was established under the direction of that officer to oversee business planning, acquisition planning, and systems implementation of an integrated financial systems program. The chief financial officer will be responsible for integrating modernization of those financial and mixed-financial systems included within the guidance of OMB Circular A-127.

During FY99 the Agency completed detailed requirements analysis and acquired a commercial off-the-shelf core accounting system that will serve as the cornerstone of our business systems and modernization program. The requirements conform with the standards and guidelines prescribed by the Office of Management and Budget. The current plan is to launch the new

system in Washington during fiscal year 2000 and to implement the system in field offices during 2001 and 2002.

USAID's Modernization Plan for Integrated Financial Management Systems will ensure that the Agency implements a financial management system to support our global mission. The plan lists priorities for replacing the Agency's remaining major financial support systems over the next five years (such as budget, procurement, human resources, property management, and performance management). Detailed plans are provided for systems identified for execution in fiscal years 2000 and 2001. USAID will execute each of these in close coordination with the chief information officer, using methodologies established by the CIO.

The chief financial and chief information officers are working closely with the Office of the Inspector General to improve the quality of financial information. The inspector general does not expect to render an opinion on the fiscal year 1999 financial statements. The chief financial officer and OIG agreed on a plan to focus audit resources on data-quality problems during the fiscal year 1999 audit. This will increase the likelihood that the inspector general's office can express an opinion on the fiscal year 2000 consolidated financial statements.

USAID completed actions in FY99 that establish an effective system of checks and balances for its direct loan program. The loan servicing function was outsourced to Riggs National Bank. The Office of Management and Budget certified the Agency to manage the Development Credit Authority. Most significantly, this enabled USAID to eliminate its loan systems from the list of Agency material weaknesses.

## **Strengthened Administrative Management**

With the relocation of USAID headquarters staff to the Ronald Reagan Building complete, the Agency placed greater emphasis on achieving operational efficiencies both in Washington and overseas.

USAID has taken the lead among U.S. government agencies in providing services in several countries as a part of the International Cooperative Administrative Support Service. The Agency is currently providing administrative support services in two missions. Beginning in fiscal year 2000, we expect to offer administrative support services in nearly a dozen more.

In 1999, the Agency identified 10 of its overseas properties that cannot be occupied and will be liquidated. Once these properties are sold, we plan to construct new properties that will eliminate expensive annual rental fees.

## **Strengthened Human Resources Management**

The Agency undertook several initiatives to ensure that there is adequate staff with appropriate skills to fulfill its mandate. An intensive position review effort helped reshape the workforce to reinforce financial, managerial, and technical accountability for USAID-managed resources.

The Agency's management council, functioning as the approval authority for all outside hires, made sure that only positions representing a long-term need were filled. Additionally, an annual foreign service recruitment plan was

developed and approved that reflects the Agency's personnel needs. In fiscal year 1999, USAID filled 100 percent of its overseas positions identified as critical.

Building staff knowledge and skills is critical for effective management and oversight of Agency resources. While USAID has reduced its staff by 35 percent since 1993, it strives to maintain its staffs' technical skills. The Agency has shifted to competency-based training for both existing staff and new entrants. We have developed a series of new staff training programs. These new courses are on teamwork, leadership, senior leadership, managing for results, and organization and operations. New mission directors attended an orientation program tailored to expose them to critical management issues the Agency faces.

Technical training was also provided in a variety of fields. Procurement training included contract law, contract administration, procurement management certification, and simplified acquisitions and grants management. Other technical training included language training, computer training, and training to keep staff current in technical specialties such as environment, economic growth, health and population, democracy and governance, and human capacity development.

We also developed a new-entrant training program. Beginning in October 1999, new entrants began completing relevant training before starting their first overseas assignment. Upon completing training, their knowledge will be assessed to ensure they possess the requisite primary technical skills, managerial skills, and interpersonal skills.

### III. Performance by Fiscal Year 1999 Annual Performance Plan

#### PERFORMANCE GOAL 1: TIME TO DEPLOY EFFECTIVE DEVELOPMENT AND DISASTER RELIEF RESOURCES OVERSEAS REDUCED

##### Performance Analysis

The fiscal year 1999 performance targets for “critical positions filled” and “procurements completed” (see table 7.1) proved of limited value in measuring performance toward the broader goal of more efficient and effective resource deployment.

##### Achievement Beyond Fiscal Year 1999 Plan

Both FY99 targets were exceeded.

##### Planned Actions for Unmet Fiscal Year 1999 Targets

This is not applicable.

#### Performance Table From Fiscal Year 1999 Annual Performance Plan

**Table 7.1. Performance Goal 1: Time to Deploy Effective Development  
And Disaster Relief Resources Overseas Reduced**

*Indicators:* a) Percent of critical positions vacant reduced; b) Time to procure development services reduced.

*Sources:* Annual assessment of critical positions; direct-hire workforce assessment reports; and New Management System.

	Revised Baseline	Latest Actuals	Fiscal Year 1999 APP Target
<b>Vacant critical positions filled</b>	n/a	100%	90%
<b>FY99 procurements completed in 12 months or less</b>	n/a	93%	90%

*Note:* Critical positions are defined as those necessary to ensure full and complete financial, managerial, and technical accountability for USAID/Washington-managed resources. A profile of critical positions will be established in fiscal year 2000.

Procurement includes those actions through which USAID/Washington acquired the goods and services necessary to deliver its assistance. A 12-month procurement cycle will represent a 33 percent reduction from the average procurement time at the end of fiscal year 1996.

## Revisions to the Fiscal Year 2000 Annual Performance Plan

We have recast this as part of a broader goal of improved management systems. The two original indicators were dropped.

## Adjustments to Be Included in the Fiscal Year 2001 Annual Performance Plan

Performance targets for management improvement (primarily activities and outputs) were added, as well as two broader indicators measuring USAID's responsiveness to management audit findings and recommendations.

### PERFORMANCE GOAL 2: LEVEL OF DEVELOPMENT ASSISTANCE CHanneled THROUGH STRENGTHENED NONGOVERNMENTAL AND PRIVATE VOLUNTARY ORGANIZATIONS INCREASED

#### Performance Analysis

The percentage of assistance channeled through NGOs and PVOs continues to

provide a rough but useful measure of broadened nongovernmental participation in USAID's programs (see table 7.2).

### Performance Table From Fiscal Year 1999 Annual Performance Plan

**Table 7.2. Performance Goal 2: Level of Development Assistance Channeled Through Strengthened Nongovernmental and Private Voluntary Organizations Increased**

*Indicator:* Percentage of USAID-managed development assistance channeled through U.S.-based and local NGOs.

*Source:* USAID calculations from procurement and financial information reports.

	Baseline 1995	Latest Actuals	Fiscal Year 1999 APP Target
<b>Level of development assistance channeled through NGOs and PVOs</b>	30%	37%	>30%

*Notes:* For the purpose of this performance goal, a qualified nongovernmental organization or private voluntary organization is defined as

- A U.S. PVO organized in the United States but not necessarily registered with USAID
- A local PVO operating in the country whose laws govern the organization
- A third-country PVO or international PVO not included in one of the two previous categories
- A private association of persons joined to achieve a common economic objective otherwise known as a cooperative development organization

The percentage is calculated as total funding for Disaster Assistance and other disaster funding divided by the sum total of USAID funding from these accounts for PVO programs (including cooperatives).

### Achievement Beyond Fiscal Year 1999 Annual Performance Plan

The target for fiscal year 1999 was exceeded.

### Planned Actions for Unmet Fiscal Year 2000 Targets

This is not applicable.

### Revisions to the Fiscal Year 2000 Annual Performance Plan

This indicator was retained as part of a recast performance goal of “strengthened partnerships.”

### Adjustments to Be Included In the Fiscal Year 2001 Annual Performance Plan

Specific performance targets (primarily activities and outputs) were added for “strengthened partnerships,” and the broader indicator (percentage assistance through NGOs/PVOs) was retained.



## Performance Table From Fiscal Year 1999 Annual Performance Plan

**Table 7.3. Performance Goal 3: Coordination Among  
U.S. Government Agencies Contributing to Sustainable Development Increased**

*Indicators:* a) Statements at the objective level across strategic plans of U.S. government agencies concerned with sustainable development consistent; b) Coordination of activities at USAID program approach level across U.S. government agencies concerned with sustainable development enhanced.

*Sources:* USAID and other agency strategic plans; mission performance plans; analytical assessments by USAID’s Bureau for Policy and Program Coordination.

	Baseline	Latest Actuals	Fiscal Year 1999 APP Target
Percent of shared objective-level statements across agencies	n/a	n/a	90%
Increased complementarity of goals, strategies, and performance among the U.S. government agencies at the country level	Medium	n/a	Medium-High

*Note:* Baselines for these indicators were to be developed from the strategic plans of concerned agencies during fiscal year 1998. However, the analysis was not conducted, because the Agency decided the costs outweighed the benefits.



### PERFORMANCE GOAL 3: COORDINATION AMONG U.S. GOVERNMENT AGENCIES CONTRIBUTING TO SUSTAINABLE DEVELOPMENT INCREASED

#### Performance Analysis

The broader performance indicators for this goal (see table 7.3) were dropped. The measures were judged to have limited value in managing and measuring improved coordination and would have been difficult and costly to implement. USAID's progress was instead assessed in terms of specific coordination activities and targets with other U.S. government agencies and the Department of State.

#### Achievement Beyond Fiscal Year 1999 Annual Performance Plan

This is not applicable.

#### Planned Actions for Unmet Fiscal Year 1999 Targets

This is not applicable.

#### Revisions to the Fiscal Year 2000 Annual Performance Plan

The Agency recast this as part of a new "strengthened partnerships" performance goal.

#### Adjustments to Be Included In the Fiscal Year 2001 Annual Performance Plan

Specific targets (primarily activities and outputs) were established for increased U.S. government coordination.

### Performance Table From Fiscal Year 1999 Annual Performance Plan

**Table 7.4. Performance Goal 4: Organization for Economic Cooperation And Development Agenda of Agreed Development Priorities Expanded**

*Indicators:* a) Resource flows by major development goals; b)OECD/Development Assistance Committee agreement on strategies to reduce poverty.

*Sources:* Development Assistance Committee statistics on aid flows; donor reports to DAC on implementing the *Shaping the 21st Century* partnership strategy.

	Baseline	Latest Actuals	Fiscal Year 1999 APP Target
Level of agreement on OECD development priorities	Medium	n/a	Medium-High

*Note:* Aid flows by policy objectives defined in the OECD/Development Assistance Committee's *Shaping the 21st Century* will measure the degree to which donors are concentrating resources on agreed objectives and serve as a proxy measure of donor consensus on development priorities.

## PERFORMANCE GOAL 4: ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT AGENDA OF AGREED DEVELOPMENT PRIORITIES EXPANDED

### Performance Analysis

The specific performance indicator for this goal (see table 7.4) was dropped. Quantifying the “level of agreement on OECD priorities” was judged to be of limited value in managing or measuring improved donor coordination, and would have been difficult to operationalize and costly to implement. Progress was instead assessed in terms of specific coordination activities and accomplishments.

### Achievement Beyond Fiscal Year 1999 Annual Performance Plan

This is not applicable.

### Planned Actions for Unmet Fiscal Year 1999 Targets

This is not applicable.

### Revisions to the Fiscal Year 2000 Annual Performance Plan

This has been recast as part of a new “strengthening partnerships” performance goal.

### Adjustments to Be Included In the Fiscal Year 2001 Annual Performance Plan

Specific targets (primarily activities and outputs) were established for increased donor coordination.

## Performance Table From Fiscal Year 1999 Annual Performance Plan

**Table 7.5. Performance Goal 5: Capacity to Report Results And Allocate Resources on the Basis of Performance Improved**

*Indicators:* a) Access to financial information; b) Access to program results information.

*Sources:* Agency chief financial officer reports; annual results reviews; and operations module of the New Management System.

	Baseline	Latest Actuals	Fiscal Year 1999 APP Target
Quality of consolidated financial statements as required under the Chief Financial Officer Act		No opinion	Qualified
Operating units using an integrated portfolio of information systems for budget, program results, and procurement increased		USAID/ Washington	USAID/ Washington only

*Note:* A “qualified” finding represents the “second tier” assessment in the opinion of the auditors on the condition of USAID’s financial statements.

## **PERFORMANCE GOAL 5: CAPACITY TO REPORT RESULTS AND ALLOCATE RESOURCES ON THE BASIS OF PERFORMANCE IMPROVED**

### **Performance Analysis**

USAID increased the integration of information systems both in Washington and the field during fiscal year 1999 (see table 7.5). The Agency also made substantial progress in improving the quality of chief-financial officer statements but did not achieve a “qualified” opinion. Sufficient improvement in performance reporting and in loan accounting and reporting was accomplished toward the elimination of these two material weaknesses.

### **Achievement Beyond Fiscal Year 1999 Annual Performance Plan**

This is not applicable.

### **Planned Actions to Achieve Unmet Fiscal Year 1999 Plan Levels**

USAID has actions under way (detailed earlier in this chapter) to improve the quality of financial information and

reporting, including the implementation of a new COTS financial management system, to produce a consolidated financial report with an unqualified audit opinion for fiscal year 2001.

### **Revisions to the Fiscal Year 2000 Annual Performance Plan**

This performance goal was subsumed under new performance goals for “strengthening leadership and learning” and “improving management systems.”

### **Adjustments to Be Included In the Fiscal Year 2001 Annual Performance Plan**

Specific targets (primarily activities and outputs) were established for improved financial management and program information. New performance indicators for management improvement were adopted on the basis of the Agency’s ability to respond to and closely audit recommendations.

## **Notes**

<sup>1</sup>See *FY 1999 Technical Performance Volume*. 1999. USAID/Bureau for Policy and Program Coordination/Center for Development Information and Evaluation/Performance Monitoring and Evaluation project under contract No. AEP 0085-I-006017-00. ISTI. Washington.

<sup>2</sup>Ibid.

<sup>3</sup>See Office of Inspector General (1999), *U.S. Agency for International Development*. Audit of the Quality of Results Reported in USAID Operating Units’ Results Review and Resource Request (R4) Reports prepared in 1997. Report No. 9-000-99-006-P. 5 March.

<sup>4</sup>*Performance & Monitoring Tips No. 12*.

<sup>5</sup>R4, shorthand for Results Review and Resource Request, is USAID’s process for reporting on its in-country programs and proposing future funding levels.

<sup>6</sup>General Accounting Office Performance and Accountability Series: *Major Management Challenges and Program Risks: Agency for International Development*. January 1999. General Accounting Office/OCG-99-16 USAID Challenges. Washington.

